EXTRAORDINARY MEETING OF SENATE

MINUTES

Wednesday 31 January 2018

1530, Great Hall, Wills Memorial Building

Present: The Vice-Chancellor (Chair), Professors Annett, Barr, Benton, Canagarajah, Cini, Conaghan, Cousins, Cristianini, Elliott, Hutton, Ireland, Jarrold, Ladyman, Lindhorst, Macfarlane, Mellor, Nabney, Nobes, Norman, Orpen, Payne, Potter, Purdy, Scarpa, Squires, Szczelkun, Williams; Dr J Agarwal, Mr M Ammar, Dr M Azarpeyvand, D L Dickinson, Dr A Fraser, Dr I Hers, Dr A James, Dr K Lampe, Dr P Langton, Dr E Lithander, Dr E Love, Mr P Meterlerkamp, Dr S Proud, Dr S Quadflieg, Mr S Singh, Dr M Stam, Dr N Timpson, Dr N Wu, Dr V Zajko.

In attendance: Ms K Gullon (Clerk), Ms C Buchanan, Mr R Kerse, Professor N Linden, Dr A Sanchez Graells, Mr J Smerdon, Professor D Smith.

1.1 The Vice-Chancellor welcomed members to the meeting, and reminded them of the following:

- The meeting had been convened at the request of 22 members of Senate (named in the letter that had been circulated in the convening note sent to Senate on 26 January 2018 (the Letter)) in order to allow members of Senate to debate the University’s position with regard to the Universities Superannuation Scheme (USS). In accordance with the University’s Statutes and the Standing Orders of Senate, the meeting had therefore been convened at the earliest convenient date.
- It was important to acknowledge that the future of USS was now the subject of an industrial relations dispute.
- Each member of Senate who was also a member of USS would clearly have an interest in the discussions to take place at the meeting, and that would be formally noted. As the chief purpose of the meeting was to debate the issues at play and to allow the University’s senior management team to hear the views of Senators, the Vice-Chancellor (as Chair of Senate) had taken the view that those interests did not amount to a conflict of interests.

1.2 The Vice-Chancellor acknowledged that pensions provision was an emotive issue, and a very important one to the University community. The University was committed to ensuring good and secure pensions for its staff, but it was mindful that it must also consider the needs of future (as well as current) staff; as well as its students. As ever, the University had to carefully prioritise its investments (including investment in pensions). The risk of inadequate pensions provision to staff recruitment and retention was well understood. However, if appropriate investment was not made, for example, into the student experience or the University’s estate, that lack of investment would similarly become a barrier to staff recruitment and retention. The University must carefully balance these considerations.

1.3 The Vice-Chancellor noted that the Letter had included a number of specific questions for consideration by Senate. A response, drafted by the Chief Financial Officer (CFO)
had been circulated in advance of the meeting. The Vice-Chancellor suggested that the issues identified in the Letter be addressed in turn. However, members of Senate wished to raise their own questions and concerns.

1.4 The ensuing discussion highlighted the following points:

- Whilst it was important to acknowledge the view that a university was primarily a community of scholars, it was equally important to acknowledge that a university needed to be run pragmatically as a viable business entity – in order to ensure the continuance of that community of scholars.

- The Chief Financial Officer advised members of Senate that neither the status quo in respect of USS, nor the proposals put forward by the University and College Union (UCU), were affordable. That said, there might be levers at the employers’ disposal to help members of USS feel more satisfied with the fundamental changes proposed. This was being explored by the University, in the context of its collective responsibility as one of a number of employers.

- A number of members of Senate expressed the view that there was scope for the University to be more transparent about its decision-making in respect of the USS. Members of Senate commented that they would like to see communications from the University’s senior management team adopting an open and sympathetic tone, and observed that some elements of communication to date had felt rather defensive. The Vice-Chancellor confirmed that this would be taken into account going forward.

- A number of members of Senate raised concerns that the University did not appear to be taking into account the significant emotional and personal implications for members of staff in respect of discussions around pensions provision. In particular, there were concerns that the impact on staff had been assessed qualitatively rather than quantitatively, and that the University was not being seen to ‘fight for’ its staff.

- Further, members of Senate queried the level of staff engagement that had been undertaken in developing the University’s position in respect of USS, and in particular how the views of staff had been considered by the Pensions Task and Finish Group referred to in the University response circulated prior to the meeting. The Chief Financial Officer clarified that dialogue with UCU had taken place immediately before that Task and Finish Group had met, and that those views had been conveyed to the Task and Finish Group.

- The Vice-Chancellor confirmed that the University was deeply mindful of the impact of changes to USS on its staff, but repeated that the University’s responsibilities extended to future staff as well as current staff. There would necessarily be trade-offs and prioritisation as the University sought to balance its responsibilities to its various communities.

- Members of Senate reflected on the previous discussions (and disputes) in recent memory regarding USS. It was of concern that, despite previous changes to USS made in response to those discussions, employers and the USS Trustees now considered the present situation to be unsustainable. The Vice-Chancellor commented that this highlighted the need for more fundamental change at this point in time, with a view to avoiding a series of incremental changes (and, potentially, accompanying disputes) to the scheme over the coming years.
In response to questions regarding the feedback received recently from staff, and in particular from more junior staff, the Chief Financial Officer advised Senate that generally speaking staff had been pragmatic about the difficult decisions ahead for the University. That said, this pragmatism had been accompanied by a general sense that the University should ‘give’ more in negotiations regarding the future of USS.

The Chief Financial Officer affirmed that the University was committed to ensuring the best possible (sustainable) outcome for as many of its staff as possible. It was regrettable that younger staff would not have the same access to defined benefit pensions in the same way that older staff had, and arguably younger staff would therefore be disproportionately affected by the proposed changes to USS. However, it was important to recognise that unless changes were made at this point in time, employers’ contributions would essentially be directed to older members of staff’s pensions while the deficit (and therefore risk to younger members of staff) continued to grow.

Members of Senate expressed concerns that the technical elements of the proposed changes to USS (in particular in respect of death in service benefits) had not been communicated to staff in a way that was easily understandable. It was disheartening to think that it had taken a crisis, in the form of an industrial relations dispute, to lead to a meaningful discussion between the University’s senior management and the academic community.

Members of Senate further expressed concerns that the University’s strategy (and particular in respect of growth and plans for the Temple Quarter Enterprise Campus) was leading it towards financial instability, which in turn was affecting the sustainability of its pensions provisions.

In response, the Vice-Chancellor affirmed the senior management team’s commitment to and confidence in the Strategy. In particular, the Vice-Chancellor reminded members of Senate that any planned expansion of the University would be to build its income streams, and therefore had to be based on reasonable assumptions. Both UMT and the Board of Trustees were actively considering the pace and prioritisation of change across the University, and Senate was reminded that the University’s plans for growth included multiple go/no go points in order to ensure that growth remained sustainable. The Vice-Chancellor reflected that it would be helpful for Senate to receive a presentation from the Chief Financial Officer in due course.

Further, it was important to dispel the myth that all University investment was in the form of capital development. Members of Senate were reminded that the University was also investing in, for example, staff/student ratio remediation, the support available to students, Vice-Chancellors’ Fellowships, and the maintenance of the existing estate. All such investment would increase the attractiveness of the University to staff and students alike, thus further ensuring its ongoing sustainability.

Members of Senate reflected on the politicisation of higher education funding, noting in particular the lack of a government fund for higher education investment/infrastructure and the recent freeze of home undergraduate tuition fees. The tuition fee freeze is putting significant pressure on the University’s finances.

Members of Senate queried whether there was scope, in view of the current planned changes, to take change even further and consider provision for retirement in radically different ways, for example, by placing investment decisions in the hands of
members themselves. The Chief Financial Officer confirmed that the University was open to exploring such possibilities and had made a commitment to do so in its Pensions Strategy. For example, some younger members of staff might prefer assistance in buying property to a more generous pensions provision, but given the current tax reliefs for pensions, this remained the best way for many staff to save for their retirement.

- Members of Senate reflected on the performance of the USS fund, and considered that the USS Trustees’ investment strategy would benefit from further review. The lack of liability hedging was of particular concern in view of the risks at play.

- Members of Senate queried whether there was scope for UUK, or even individual employers, to lobby for USS to become government-backed. The Chief Financial Officer committed to continue to request this, although the Vice-Chancellor cautioned of the potential impact of government backing on institutional autonomy.

- In response to questions regarding the national position, it was confirmed that the University was engaging in discussions through both the Russell Group and UUK. Across both, there was no appetite for USS to continue as a defined benefit scheme. Employers were disappointed that the members’ and employers’ positions were currently so far apart, but were mindful of the importance of balancing the benefits for individual members of the scheme against the scheme’s future sustainability.

- Members of Senate reflected on the differences between the career ‘portability’ (and often, salaries) for those in the corporate sector as opposed to academics, noting the consequential importance of ensuring adequate pensions provision for academic staff.

- Members of Senate affirmed their commitment to students and to their responsibility to students and the academic endeavour more broadly. There was a sense of reluctance in respect of industrial action, in view of that commitment, but staff genuinely did not feel that they had a choice but to do so – particularly in view of the perceived lack of compromise by employers. Some element of compromise would go a long way towards assuaging the current ill feeling. Many staff were striking in solidarity with junior/younger members of staff, and it was important to note that the impact of the proposed changes would vary depending on salary.

- It was noted that, if USS became less desirable, more staff might seek to opt out of it. This might lead to fundamental changes in the collective ethos of the scheme. Members of Senate noted that the exclusivity clause in the USS scheme precluded the University from offering meaningful alternatives to it.

1.5 In closing, the Vice-Chancellor thanked members of Senate for the frankness of their discussion and questions. It had been both helpful and informative to hear the views of Senate directly. Members of Senate were also thanked for recognising the complexity of the issues at play, and of the decisions to be taken. The University’s senior management was mindful of the personal upset caused by the potential changes to USS, and of concerns that the University might lose its competitiveness in recruiting and retaining staff as a result of them. The Vice-Chancellor was keen that Senate remained apprised of the strategic (including financial) prioritisation decisions ahead, and this would be brought more substantively to a future meeting of Senate.

1.6 The Vice-Chancellor concluded by assuring members of Senate that he (and the other members of the senior management team) would reflect upon the comments made at
the meeting. Whilst many matters would need to play out at a national level, it would be important to continue local dialogue. The Deputy Vice-Chancellor undertook to report the discussion at Senate to the HR Committee and the Board of Trustees in due course.

**Date of next meeting**
Members of Senate were reminded that the next meeting of Senate would take place on Monday 26 February 2018, 1400, in the Reception Room, Wills Memorial Building.